

funds to receive donations from local businesses, local labor organizations, and other local organizations or individuals who maintain a local residence or who work for a local business, local labor organization, or local organization. 11 CFR 9008.52(c)(1) and 9008.53(b)(1). Frequently, the Commission has been called upon to determine whether a particular individual, corporation, labor organization, or other organization qualifies as "local" within the meaning of 11 CFR 9008.52(c)(1) and 9009.53(b). These often entail difficult and seemingly arbitrary distinctions. For example, does the presence of a single employee working from a home-based office constitute a business's local office under section 9008.52 and section 9008.53?

Given the Commission's proposal to tighten the restrictions that prohibit host committees and municipal funds from paying expenses that have primarily a political, rather than commercial, purpose, the Commission is considering whether it remains necessary to focus on the source of host committee and municipal fund donations. Accordingly, the Commission proposes to delete the requirements in 11 CFR 9008.52(c)(1) (host committees) and 11 CFR 9008.53(b)(1) (municipal funds) that only "local" businesses, labor organizations, other organizations, and individuals may make donations to host committees and municipal funds. A conforming change would also be made to 11 CFR 9008.12(b)(7). Under the Commission's proposal, any business, labor organization, other organization, or individual, no matter where they are located, reside, or do business, would be permitted to make donations or in-kind contributions to host committees and municipal funds, provided those donations and in-kind contributions comply with the restrictions prescribed in the regulations. Regardless of what it does on the categories of expenses that host committees and municipal funds may pay for, should the Commission abolish the locality requirement with respect to donations to host committees and municipal funds? If the Commission adopted this proposal, would it make it more feasible for smaller and mid-size cities, whose corporate and business presence may not be as great as the nation's largest cities, to successfully stage a national convention? The Commission seeks public comment on this approach.

As an alternative to deleting these "local" requirements, the Commission is considering an alternative approach that would retain the requirement that only "local" businesses, labor

organizations, and other organizations may make donations and in-kind contributions to host committees and municipal funds. Under this alternative, the Commission would clarify its 1999 amendment to these regulations. The accompanying Explanation and Justification explained that this language was intended to cover "individuals who work for a business's local office, or a labor organization's local office, or another organization's local office." *Explanation and Justification of Rules Governing Public Financing of Presidential Primary and General Election Candidates*, 64 FR 49355, 49358 (Sept. 13, 1999). However, the regulatory text did not require that the individuals work in the *local office* of the local organization; it only required that the individuals work for an organization that had a local office, which suggested that employees of a nationwide organization could donate to a host committee for any area where the organization maintained a facility. Thus, under this alternative, the Commission would revise the provision so that it would read "individuals \* \* \* who work for the local office of a business, labor organization, or other organization." A third alternative approach the Commission is considering is to rely exclusively on an individual's residence to determine whether the individual is local, instead of looking to an individual's employment as well. The Commission seeks comment on each of these alternatives.

#### **VIII. Host Committee and Municipal Fund Registration and Reporting Requirements**

Under 11 CFR 9008.51(a)(1), host committees must register with the Commission within 10 days of the date on which the party chooses the convention city. Host committees must also report using FEC Form 4 to disclose all receipts and disbursements, including in-kind contributions, made with respect to a national nominating convention. 11 CFR 9008.51(b). The initial reports are not due until the earlier of 60 days after the convention or 20 days prior to the presidential general election. *Id.* Subsequent reports are due quarterly, on the fifteenth day after the end of the quarter. 11 CFR 9008.51(b)(2). A final host committee report is due ten days after it ceases reportable activity. 11 CFR 9008.51(b)(3). Municipal funds, in contrast, are required to file only one report, which is due on the same day as the initial host committee report. 11 CFR 9008.51(c). This report need list only categories of facilities and services

provided for the convention for disbursements and the total amounts of general revenues and private donations received to defray the expenses. *Id.* This municipal fund reporting regime was intended to strike a balance between two competing concerns: ensuring adequate public disclosure, on the one hand, and avoiding the imposition of unduly burdensome requirements on municipalities and other governmental entities, on the other. *See Explanation and Justification for Regulations on Presidential Election Campaign Fund and Financing of Presidential Nominating Conventions*, 59 FR 33606, 33614 (June 29, 1994).

The Commission seeks comment on several proposed revisions to these registration and reporting requirements for host committees and municipal funds, as described below. First, the Commission's experience has been that not all host committees are established within the ten days of the date on which the party chooses the convention, which is the current registration deadline. Accordingly, the Commission is proposing to revise the registration deadline in 11 CFR 9008.51(a) to require registration within ten days of the date on which the party chooses the convention city or ten days after the host committee is formed, whichever occurs later. Revised paragraph (a) would require that such registration be made by filing a Statement of Organization on FEC Form 1. The Commission is proposing that municipal funds be similarly treated as host committees, so they would be required to register with the Commission within ten days of the date on which the party chooses the convention city or ten days after the municipal fund is formed, whichever occurs later. Alternatively, the Commission seeks comment on whether either of the host committee or municipal fund registration deadlines should be ten days after they first solicit or accept donations for convention activities, or make disbursements for this purpose.

Second, the Commission proposes to apply the same reporting requirements that currently apply to host committees to municipal funds. Currently, paragraph (b)(1) of 11 CFR 9008.51 requires host committees to file a post convention report with the Commission on FEC Form 4. This report must be filed either 60 days following the last day that the convention is officially in session or 20 days prior to the presidential general election, whichever date is earlier. Currently, paragraph (b)(1) does not, however, provide a date for the close of books for host